

## Update on Frequent Errors in Completing the Sales and Use Tax Return

Sales &  
Use tax  
notice  
#03-06

In order to ensure that tax payments and liabilities are properly posted to the correct account it is essential that taxpayers **enter the correct information on the proper lines** of the new sales and use tax return forms. In order to assist with this process, the department has compiled this list of errors that taxpayers frequently make when preparing a return.

**Using the Incorrect Version of the Sales or Use Tax Return:** The **SLS 450** sales or use tax return is formatted to reflect changes to the sales and use tax law enacted in July 2002. All returns for periods beginning on or after July 2002 **must be filed using the SLS 450 Revised State and Local Sales and Use Tax Return**. Failure to file the proper return will likely result in significant delays in posting necessary information to the correct sales and use tax account and may result in the issuance of a debit memo that will require corrective action on the taxpayer's part.

**Paying Debit Memos with Returns:** Taxpayers that want to pay a debit memo at the same time that they file their sales and use tax return must attach a copy of the debit memo to the tax return. Failure to include a copy of the debit memo or other documentation instructing how the payment should be applied will likely result in the payment being posted to the incorrect account. This will require corrective action on the taxpayer's part.

**Sales For Resale:** Taxpayers should report sales for resale on **Line B of Schedule A**. Only sales of food may be reported on **Line A of Schedule A**. Taxpayers that erroneously report sales for resale on Line A of Schedule A will likely receive a debit memo that will require corrective action on the taxpayer's part.

**Single-Article State Tax Rate:** Single article-sales from \$1,600.01 to \$3,200.00 must be reported on **Line 1 of Schedule C**. Tax on these sales is then calculated and reported on **Line 2 of Schedule C**. It appears that some taxpayers are not reporting single-article sales on Schedule C as a result of confusing single-article sales with industrial transactions. **These are separate calculations.** All single- article sales are to be reported on Lines 1 and 2 of Schedule C; industrial transactions are reported on Lines 3 through 9 of Schedule C. Failure to properly report single-article sales on Schedule C will likely result in the issuance of a debit memo that will require corrective action on the taxpayer's part.

Additional information regarding the Tax Reform Act of 2002 can be found on the department's Web site.

Have questions or comments? Please let us know. [Contact us.](#)

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